



Local 876
Roger Robinson
President

Local 951
Mary Russow
President

**Testimony of Chris Michalakakis
Legislative and Political Director of the
United Food and Commercial Workers of Michigan**

**Before the Senate Economic Development Committee on HB 4158
February 23, 2011**

Thank you Mr. Chairman, for this opportunity to speak about this very important consumer issue. My name is Chris Michalakakis, and I am the Legislative and Political for the United Food and Commercial Workers (UFCW) of Michigan which includes UFCW Local 951 and UFCW Local 876. We represent approximately 45,000 workers in the State of Michigan in industries such as retail food, retail drug, food processing, and light manufacturing.

UFCW Locals 951 and 876 oppose HB 4158 as it goes too far in threatening the rights of consumers and completely eliminates our state's "Scanner Law." A simple price tag can be helpful in a number of ways. In these tough times, it is the most effective way to comparison shop. It gives customers a guarantee that the price they see on the item is the exact price they will pay at checkout. Shelf tags alone do not provide such a guarantee. This is especially useful in these hard economic times, where many of us shop on fixed budget. Item pricing also gives customers a paper audit trail, where even after a purchase, a customer can make sure that the price they expected to pay for a good, matched what they were charged at checkout. This bill provides no such audit trail when retailers rely on shelf tags alone.

There has been a lot of misinformation about this law. Some have argued that item pricing costs consumers \$2.2 billion a year. This might be the most inaccurate price to ever come out of a Michigan retail establishment! The false "cost" to consumers is based on a study by the University of Minnesota and cited in the recent study of the Anderson Economic Group that claimed that the only reason why things are 9% higher in places like Manhattan than in places like Newark, New Jersey is because of item pricing. The study did not account for factors such as differences in property values, cost of living, transportation costs, and market forces. There is no evidence that items in Michigan are more expensive than items in Ohio and Indiana because of this law.

In fact, recently Representatives Santana and Barnett discovered the opposite to be true. When they went shopping for the same items cited in the Anderson Group's report in Michigan, Indiana, and Ohio they found items in Michigan to be .5% cheaper than in states without item pricing! In fact even the Snyder Administration really doesn't believe that this bill would cost consumers \$2.2 billion dollars- because if they did, they would have addressed the \$132 million sales tax shortfall passing this law would have caused from declining sales tax revenue.

Another important fact to consider is the impact eliminating item pricing will have on jobs. Currently, we know that our employers allow Michigan stores to schedule more time for stocking specifically because of our item pricing law. We know that once eliminated, this extra time allotted for Michigan will disappear and reflect other states. We estimate a loss of one to three employees per big box store, depending the store's size and sales volume. This will mean 800 members of UFCW will be laid off, and thousands of new workers in Michigan will be collecting unemployment or underemployment. Getting rid of item pricing will reduce the amount of hours available for workers in Michigan, which means less money in the pockets of working families, less money circulating in the economy, and less tax revenue for the state- with more working families needing social assistance.

Some have argued that the current law prevents retailers from hiring employees to work in jobs that deal with the accuracy of shelf tags. This job- that of a scan coordinator already exists in Michigan. As for claims that passing HB 4158 will bring in investment in new technologies in our stores- there is nothing in the current law that prevents retailers from doing this already.

This bill repeals the Item Pricing Act of 1976 and replaces it with a new law that omits a few sections. The section on item pricing is not the only part left out of this proposed new law, however, as it also eliminates Section 7 of the Item Pricing Act which bans discriminatory advertising in real estate. The argument for this was that this section is unnecessary as it is covered in the Elliott-Larsen Civil Rights Act- however the words "advertising" and "advertisement" do not appear anywhere in that Act.

Finally, what I find interesting about this bill is the \$100,000 appropriated to the Attorney General's office. In their house testimony, representatives from the Attorney General claimed that they needed the money to print new "item pricing bill of rights" cards, and brochures explaining the new law- however these are all items which have always come from the Attorney General's office and have never needed a special appropriation. With every department tightening the belt these days, why is there more money being appropriated to fund something that the Attorney General's office already does? This is wasteful spending for the worst reason- a partisan game that will likely prevent citizens from even considering taking this unpopular bill to a ballot referendum.

In these difficult economic times, pricing errors are still common- in fact a recent Consumer Reports study found that 6% of items in our stores are mispriced. Today we need stronger consumer protections that apply equally to all retailers in Michigan.

Many in this room and throughout Lansing ran on a platform of creating jobs and cutting spending- and yet the first major bill to work its way through the legislature will lay off thousands of workers and increase wasteful spending. While there are many sections of the law which need modernizing, this bill goes way too far and I encourage the committee to vote no. Thank you for your time Mr. Chair.